Annual Financial Report

30 June 2021

COEX CONTAINER EXCHANGE

General information

The financial statements cover Container Exchange (QLD) Limited (the Company) as an individual entity. The financial statements are presented in Australian dollars, which is Container Exchange (QLD) Limited's functional and presentation currency.

Container Exchange (QLD) Limited is a public company limited by guarantee. A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 September 2021. The Directors have the power to amend and reissue the financial statements.

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture. We pay respects to their Elders past, present and emerging.

Contents

Container Exchange (QLD) Limited
Directors' report
For the year ended 30 June 2021

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2021.

Directors
The Directors of the Company at any time during or since the end of the financial year are:

Directors	Appointed
Jeffrey Robert Maguire	31 October 2017
Keith Allan	31 October 2017 (Resigned 25 August 2021)
Richard John Ballinger	31 October 2017
Mark David Powell	31 October 2017 (Resigned 20 July 2020)
Dominique Therese Tim So	8 August 2018
Andrew Charles Clark	28 September 2018
Mark Arthur O'Brien	17 October 2018
Monica Anne Bradley	26 October 2018
Karen Lorraine Foelz	26 July 2019 (Resigned on 24 June 2021)
Edward William Dowse	20 July 2020
Catherine Mary Cook	30 June 2021
Natalie Johanna Helm	25 August 2021

The Members may nominate an Alternate Director from time to time, in accordance with the Company's constitution.

Principal activities
The principal activity of the Company during the year was the running of the Queensland Container Refund Scheme (the Scheme).

Objectives
The Company is appointed as the Product Responsibility Organisation (the PRO), who is responsible for administering the Scheme, which commenced on 1 November 2018. The Company’s vision for the Scheme is aligned with the objectives of the State as set out in the *Waste Reduction and Recycling Act 2011* (as amended) (the WRR Act). In particular, this vision includes:

- The achievement of environmental outcomes, including a reduction in litter in the environment and an increase in the volume of collected and recycled materials;
- Manufacturers of beverage products fulfilling their corporate and product stewardship responsibilities, with that responsibility being shared across industry in a fair and transparent way;
- Efficient design and operation of the Scheme by leveraging efficiencies where possible to minimise unnecessary cost impact on the community and consumers;
- Opportunity to participate and benefit for social enterprises and community groups; and
- Robust and transparent governance arrangements to ensure confidence in the Scheme for all parties concerned, including the State, environmental groups, industry, and the broader community.

Subsequent events
No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments
In the opinion of the Directors there are no likely developments that will change the nature of the operations of the Company.

Container Exchange (QLD) Limited
Directors' report
For the year ended 30 June 2021

Environmental regulation
The Company is not affected by any significant environmental regulation in respect of its operations outside of the existing framework.

Review of operations
The total operating surplus for the year to 30 June 2021 amounted to $43,915,392 (2020: $22,021,024). The surplus generated in the current financial year has been used for, and will be used in future years, to grow the Scheme and accelerate activities relating to the achievement of the Company's strategic objectives, in line with the WRR Act's directives. The surplus will also be used to settle the Company's financial liabilities due and payable during the period and ensure appropriate working capital for the next financial year.

Reporting obligations
The Company confirms that in the period ending 30 June 2021, progress and achievements are on track to meet the strategic and regulatory objectives relating to the Scheme, which commenced on 1 November 2018. The Company was however impacted by the COVID-19 pandemic throughout the course of FY21, largely through temporary closures of Container Refund Points as well as constraints on the Company's ability to open new Container Refund Points across the State.

The Company has identified various activities to regain lost momentum and accelerate container collection growth, in order to achieve the WRR Act directives and the Company's strategic objectives.

The Company continues to engage with the Department of Environment & Science on these matters.

Auditor's independence declaration
The lead auditor's independence declaration for the year to 30 June 2021 has been received and can be found on page 4 of the financial report.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

Mark O'Brien AM
Chair and Independent Director

22 September 2021

Grant Thornton

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200

Auditor's Independence Declaration

To the Directors of Container Exchange (QLD) Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Container Exchange (QLD) Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

H.E. Hiscox

H E Hiscox

Partner - Audit & Assurance

Brisbane, 22 September 2021

Container Exchange (QLD) Limited
Statement of comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Income	3	399,395,762	338,600,946
Expenses			
Container refund expenses		(137,807,422)	(119,146,412)
Container handling expenses		(93,802,227)	(81,404,822)
Logistics expenses		(22,242,690)	(21,244,184)
Container processing expenses		(17,619,487)	(17,771,002)
Material recovery facility expenses		(28,149,208)	(28,951,643)
Container export rebates		(21,554,706)	(16,926,127)
Administration support service fees		(11,547,381)	(10,825,702)
Professional services		(6,866,430)	(6,819,369)
Marketing and communication expenses		(4,630,345)	(3,187,279)
Employee benefits expense		(6,830,236)	(4,730,502)
Other expenses		(3,442,071)	(3,626,602)
Finance costs	5	(988,167)	(1,946,278)
Total expenses	4	(355,480,370)	(316,579,922)
Surplus before income tax expense		43,915,392	22,021,024
Income tax expense	2	-	-
Surplus after income tax expense for the year		43,915,392	22,021,024
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		43,915,392	22,021,024

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Container Exchange (QLD) Limited
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	45,755,393	35,711,961
Trade and other receivables	7	19,121,721	16,364,608
Inventories	8	1,382,616	1,556,344
Financial asset held at amortised cost	9	30,000,000	-
Other assets	10	32,344,855	26,694,515
Total current assets		128,604,585	80,327,428
Non-current assets			
Property, plant and equipment	11	75,575	46,343
Intangibles	12	152,471	185,255
Right-of-use asset	13	627,393	821,617
Other assets	10	-	14,094
Total non-current assets		855,439	1,067,309
Total assets		129,460,024	81,394,737
Liabilities			
Current liabilities			
Trade and other payables	14	28,474,566	24,163,040
Financial liabilities	15	204,137	227,296
Total current liabilities		28,678,703	24,390,336
Non-current liabilities			
Financial liabilities	15	13,565,236	13,728,728
Employee benefits	16	25,020	-
Total non-current liabilities		13,590,256	13,728,728
Total liabilities		42,268,959	38,119,064
Net assets		87,191,065	43,275,673
Equity			
Accumulated funds		87,191,065	43,275,673
Total equity		87,191,065	43,275,673

Container Exchange (QLD) Limited
Statement of changes in equity
For the year ended 30 June 2021

	Accumulated funds $	Total equity $
Balance at 1 July 2019	21,254,649	21,254,649
Surplus after income tax expense for the year	22,021,024	22,021,024
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	22,021,024	22,021,024
Balance at 30 June 2020	43,275,673	43,275,673

	Accumulated funds $	Total equity $
Balance at 1 July 2020	43,275,673	43,275,673
Surplus after income tax expense for the year	43,915,392	43,915,392
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	43,915,392	43,915,392
Balance at 30 June 2021	87,191,065	87,191,065

The above statement of changes in equity should be read in conjunction with the accompanying notes

Container Exchange (QLD) Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from Beverage Manufacturers and customers (inclusive of GST)		432,737,548	366,819,368
Payments to Scheme participants, suppliers and employees (inclusive of GST)		(391,548,767)	(356,432,645)
Interest received		149,491	358,486
Interest and other finance costs paid		(988,167)	(999,018)
Net cash from operating activities		40,350,105	9,746,191
Cash flows from investing activities			
Payments for property, plant and equipment	11	(120,022)	(128,425)
Payments for intangibles	12	-	(187,235)
Net cash used in investing activities		(120,022)	(315,660)
Cash flows from financing activities			
Repayment of borrowings		-	(29,166,667)
Payment of lease liabilities		(186,651)	(172,481)
Increase in financial assets		(30,000,000)	-
Net cash used in financing activities		(30,186,651)	(29,339,148)
Net increase/(decrease) in cash and cash equivalents		10,043,432	(19,908,617)
Cash and cash equivalents at the beginning of the financial year		35,711,961	55,620,578
Cash and cash equivalents at the end of the financial year	6	45,755,393	35,711,961

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 1. Reporting entity

Container Exchange (QLD) Limited (the Company) is a company incorporated and domiciled in Australia. The address of the Company's registered office is Level 17, 100 Creek Street, Brisbane, QLD 4000.

The Company's principal activity is to establish and manage the Container Refund Scheme in Queensland (the Scheme).

In the opinion of the Directors, the Company is a reporting entity. The financial report of the Company has been drawn up with simplified disclosure requirements for the purpose of fulfilling the Directors' reporting requirements for the year to 30 June 2021.

This Company is a not-for-profit entity and registered as a charity by the Australian Charities and Not-for-profits Commission (ACNC).

The Company, under 102ZJ of the *Waste Reduction and Recycling Amendment Act 2011* (Qld) (the WRR Act), is required to report its financial operations to the Queensland Minister for the Environment and the Great Barrier Reef, Minister for Science and Youth Affairs by 30 September each year.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board (AASB), the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) and associated regulations and the Corporations Act 2001 (Cth), as appropriate for not-for-profit oriented entities.

Basis of measurement
The financial statements have been prepared on an accruals basis.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

In preparing these financial statements, the Company elected to adopt the following standard early:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The entity has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for auditor remuneration and lease liabilities.

There was no impact on the amounts recognised, measured and classified in the financial statements of the Company as a result of the change in basis of preparation.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 2. Significant accounting policies (continued)

Use of estimates and judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods.

The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Net realisable value of inventory
Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The Company's inventories are the containers collected. The costs to collect, process and sell the containers significantly exceeds the recoverable amount realised on sale of the processed containers to recyclers. Consistent with the expectations of the Scheme, the expense relating to the writedown of inventory to the net realisable amount is outlined in Note 4.

Accrued expenses
Recognised amounts of direct Scheme costs and related accrued expenses reflect management's best estimate of amounts owing to Scheme participants that were not wholly substantiated by declarations of Scheme participants at year end. These estimates are based on a number of critical underlying assumptions such as the volumes of containers submitted and processed through the Scheme at a given time. Estimation uncertainties exist with regard to these items and variations in these assumptions may significantly impact the amount of direct Scheme costs and accrued expenses.

Related parties
The Company does not consider its Members to be Related Parties under AASB 124, with no single party possessing control or significant influence over the Company. Key decisions of the Company are subject to special majority resolution under the Company's Constitution (requiring 75% majority), the WRR Act provides a tightly defined scope of activities for the Company, and the Minister for Environment and the Great Barrier Reef possesses extraordinary powers under the WRR Act including approval of two Board Directors. All Directors nominated to the Company's Board are non-executive and are obliged to meet their fiduciary duties under the Corporations Act.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business for a period of at least 12 months from the date that these financial statements are approved.

As the appointed Product Responsibility Organisation (the PRO) under the WRR Act, the Company has a statutory obligation to ensure that Beverage Manufacturers fund the costs of the Scheme and the administration of it. Under the WRR Act, Beverage Manufacturers are obligated to enter into Container Recovery Agreements with the Company (as appointed PRO), under which the PRO can require Beverage Manufacturers to pay sufficient amounts to fund the Scheme.

Income tax
The income of the Company is exempt from Income tax pursuant to the provisions of subdivision 50-B of the Income Tax Assessment Act 1997 and the Company receives GST concessions under division 176 of A New Tax System Act 1999 and is considered an FBT rebateable employer under section 123E of the Fringe Benefits Tax Assessment Act 1986. The Company is also exempt from other government levies such as State payroll tax.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 2. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash and a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. Lease terms are for 5 years for offices and IT equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Trade receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Members' Guarantees
The Company is incorporated under the *Corporations Act 2001* (Cth) and is a company limited by guarantee. If the Company is wound up, the constitution states that each member (and each member that has left the Company within one year) is required to contribute a maximum $10 each towards meeting any outstanding obligations of the Company. At 30 June 2021, the total amount that members of the Company are liable to contribute if the Company wound up is $20 (2020: $20).

Note 3. Income

	2021 $	2020 $
Container refund Scheme income	377,714,656	320,610,979
Sale of recycled goods	21,499,534	17,441,610
Other revenue	32,081	189,871
Interest revenue	149,491	358,486
Total Income	399,395,762	338,600,946

Accounting policy for income recognition
The Company recognises income as follows:

Container refund Scheme income
The Company as the PRO of the Scheme under the WRR Act, enters into deeds with eligible Beverage Manufacturers to receive contributions to cover the costs of administering the Scheme. Whilst these deeds represent an enforceable contract, the contributions received from Beverage Manufacturers fall under *AASB 1058 Income of Not-for-Profit Entities*, as there is no sufficiently specific promise specified in the separate deeds with Beverage Manufacturers to be delivered by the PRO. Income is recognised as the amount owed by relevant manufacturers of beverage products under the terms of the Scheme. This is calculated upon the number of eligible containers sold into the Queensland market during the financial year, as defined by the WRR Act.

Sale of recycled goods
The Company, in its capacity as the PRO, sells processed containers through an online recycling material sales platform to approved recyclers and for some materials enters into direct sale agreements. To determine whether and when to recognise revenue, the Company follows a five-step process:

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 3. Income (continued)

(1) Identifying the contract with a customer – The auction process results in a binding contract between the Company and the recycler as the customer. For direct sales, the Company has an agreement in place with the recycler.
(2) Identifying the performance obligations – The performance obligation is the goods for sale.
(3) Determining the transaction price – The transaction price is the successful bid made by the recycler or agreed price for direct sales in addition to fees (if any) included in the agreement. The PRO makes no warranties or guarantees about the recycled goods hence there are no provisions or elements of variable consideration to be considered in determining the transaction price.
(4) Allocating the transaction price to the performance obligations – The price is allocated directly to the sale.
(5) Recognising revenue when/as performance obligation(s) are satisfied – Revenue is recognised at the point in time at which the customer obtains control of a promised asset (i.e. the recycled goods). The Company has deemed this to be the point when the goods are available for collection by the customer as that is the point when the Company has a present right to payment.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 4. Expenses

	2021 $	2020 $
Direct inventory expenses		
Gross container refund expense	137,633,694	119,720,868
Add: Opening containers on hand	1,556,344	981,888
Less: Closing containers on hand	(1,382,616)	(1,556,344)
Net container refund expense	137,807,422	119,146,412
Container handling expenses	93,802,227	81,404,822
Logistics expenses	22,242,690	21,244,184
Container processor expenses	17,619,487	17,771,002
Other direct expenses	443,522	596,150
Total direct inventory expenses	271,915,348	240,162,570

The above costs are incurred in collecting and processing containers into a condition suitable for sale to a recycler. These costs represent the cost of sales of the Company, however the recoverable amount is substantially less than the cumulative direct Scheme costs. The expense relating to the writedown of inventory to its net recoverable value for the period is $272,089,076 (2020: $239,588,114). As the initial 10c per container paid to the consumers exceeds the net recoverable amount for all material types, all costs subsequently incurred are immediately expensed as net recoverable value writedowns.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 4. Expenses (continued)

Scheme administration costs include the following expenses:

	2021 $	2020 $
Employee benefits expense		
Wages and salaries	5,815,858	4,038,654
Superannuation – defined contribution plans	553,500	367,090
Employee benefit provisions	460,878	324,758
Total employee benefits expense	6,830,236	4,730,502
Depreciation and amortisation expense		
Depreciation of right-of-use assets	194,224	191,145
Depreciation of property, plant and equipment	90,790	82,082
Amortisation of intangible assets	32,784	1,980
Total depreciation and amortisation expense	317,798	275,207

Note 5. Finance costs

	2021 $	2020 $
Interest expense – Treasury loan	-	945,967
Interest expense – Members' loans	944,300	953,205
Interest expense - Leases	43,867	47,106
Total finance costs	988,167	1,946,278

Accounting policy for finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 6. Cash and cash equivalents

	2021 $	2020 $
Current assets		
Cash at bank	45,755,393	35,711,961

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 7. Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	19,401,427	16,586,983
Allowance for expected credit losses	(279,706)	(235,048)
	19,121,721	16,351,935
Other receivables	-	12,673
Total trade and other receivables	19,121,721	16,364,608

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 5 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The movement in the allowance for credit losses can be reconciled as follows:

	2021 $	2020 $
Balance at beginning of period	235,048	21,791
Additional provisions recognised	44,658	213,257
Balance at end of period	279,706	235,048

Note 8. Inventories

	2021 $	2020 $
Current assets		
Containers on hand - at net realisable value	1,382,616	1,556,344

Accounting policy for inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises of direct Scheme costs, dissected in Note 4.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In 2021, a total of $271,915,348 of inventories was included in profit and loss as an expense (2020: $240,162,570). This includes an amount of $272,089,076 resulting from write down of inventories (2020: $239,588,114).

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 9. Financial asset held at amortised cost

	2021 $	2020 $
Current assets		
Term deposit	30,000,000	-

Note 10. Other assets

	2021 $	2020 $
Current assets		
Accrued income	32,019,120	26,499,509
Prepayments	325,735	195,006
	32,344,855	26,694,515
Non-current assets		
Prepayments	-	14,094
Total other assets	32,344,855	26,708,609

Note 11. Property, plant and equipment

	2021 $	2020 $
Non-current assets - property, plant and equipment		
Leasehold improvements - at cost	5,391	5,391
Less: Accumulated depreciation	(5,391)	(5,391)
	-	-
Office furniture - at cost	58,765	30,047
Less: Accumulated depreciation	(25,841)	(12,713)
	32,924	17,334
IT hardware - at cost	201,384	110,080
Less: Accumulated depreciation	(158,733)	(81,071)
	42,651	29,009
Total property, plant and equipment	75,575	46,343

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 11. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold Improvements $	Office Furniture $	IT Hardware $	Total $
Balance at 1 July 2020	-	17,334	29,009	46,343
Additions	-	28,718	91,304	120,022
Depreciation expense	-	(13,128)	(77,662)	(90,790)
Balance at 30 June 2021	-	32,924	42,651	75,575

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 years
Office furniture	4 years
IT hardware	1-2 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Intangibles

	2021 $	**2020 $**
Non-current assets		
Mobile application - at cost	187,235	187,235
Less: Accumulated amortisation	(34,764)	(1,980)
Total intangibles	152,471	185,255

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 12. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Mobile Application $	Total $
Balance at 1 July 2020	185,255	185,255
Amortisation expense	(32,784)	(32,784)
Balance at 30 June 2021	152,471	152,471

Accounting policy for intangible assets
Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in expected consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Mobile application
Significant costs associated with the mobile application are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 13. Right-of-use asset

	2021 $	**2020 $**
Non-current assets		
Right-of-use asset	627,393	821,617

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office lease $	Office Equipment $	Total $
Balance at 1 July 2020	816,951	4,666	821,617
Depreciation	(192,224)	(2,000)	(194,224)
Balance at 30 June 2021	624,727	2,666	627,393

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 14. Trade and other payables

	2021 $	2020 $
Current liabilities		
Trade payables	5,579,506	3,861,292
Accrued expenses	21,900,305	20,098,064
Annual leave	367,133	203,684
GST payable	627,622	-
Total trade and other payables	28,474,566	24,163,040

Accounting policy for trade and other payables
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

Note 15. Financial liabilities

	2021 $	2020 $
Current liabilities		
Lease liability	204,137	227,296
Non-current liabilities		
Members' loans	13,117,714	13,117,714
Lease liability	447,522	611,014
	13,565,236	13,728,728
Total financial liabilities	13,769,373	13,956,024

Future lease payments
Future lease payments (excluding interest yet to be accrued) are due as follows:

	2021 $
Within one year	235,735
One to five years	494,283
	730,018

Undiscounted lease liabilities include future lease interest of $78,359

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Members' loan
In order to establish and operationalise the Scheme (including establishing and entering into Container Recovery Agreements with Beverage Manufacturers), the Founding Members of the Company, Coca-Cola Amatil (Aust) Pty Ltd and Lion Pty Ltd, provided two loan facilities totalling $13m (Facility A: $12m, Facility B: $1m). This facility agreement was executed on 22 May 2018. The key terms are:

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 15. Financial liabilities (continued)

	Facility A	Facility B
Commencement	1 October 2018	1 October 2018
Purpose	To fund the costs of Scheme establishment	To fund working capital and operational liquidity
Term	5 years from agreement date	9 years 11 months from agreement date
Interest rate	7.20%	8.03%

No principal repayments are due until the end of the term. Interest will accrue on the outstanding balance. Any interest which accrued on a facility prior to (but excluding) the Scheme Commencement Date, was capitalised and added to the principal amount of the relevant facility. The Company must pay accrued interest in arrears at the end of each calendar quarter.

Note 16. Employee benefits

	2021 $	**2020 $**
Non-current liabilities		
Long service leave	25,020	-

Accounting policy for employee benefits

Other long-term employee benefits
The liability for long service leave is not expected to be settled within 12 months of the reporting date and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 17. Related party transactions

The Company's related parties include its key management personnel as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Transactions with key management personnel
The following transactions occurred with key management personnel, which include the Directors of the Company and the CEO:

	2021 $	2020 $
Total key management personnel remuneration	745,579	608,340

Remuneration of the CEO is developed and endorsed by the People & Culture Board subcommittee, before being approved by the Board of Directors. Remuneration of the Directors is developed and approved by the Members at the Annual General Meeting. Remuneration is set based on factors including benchmarking of peer entities and comparable roles, research from leading governance bodies, relevant published indices and annual performance appraisals.

In the prior year the Company held a consultancy agreement with Mr Mark O'Brien (Chair) to provide business development and other advisory services which were over and above the expectation of the Chair's role. This agreement was terminated as at 30 June 2020, and no amounts have been billed or amounts paid under this arrangement during the year ended 30 June 2021 (2020: $68,000).

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 18. Non-cash investing and financing activities

The Company had the following non-cash transactions which are excluded from the statement of cash flows:

	2021 $	2020 $
Interest expense (unwinding of fair value gain)	-	945,967
Right-of-use asset additions	-	961,119

Note 19. Contingent liabilities

There are two legal claims made in the 2019 and 2020 financial years against the Company, pertaining to the termination of two separate Container Collection Agreements. The Company continues to rigorously defend both claims, believe the claims are without merit and have engaged legal counsel accordingly. Both matters are undergoing due process and are awaiting trial. In the unlikely event that the Company's defence is unsuccessful in both matters, the potential financial impact may include payment of damages of up to approximately $19.5 million (although this figure is viewed as unlikely given the factual scenario) and legal costs of the claimants. It should also be noted that the Company has obtained expert reports in each matter, which indicate significantly lower values based on its counterfactual scenarios. Further, the Company has filed a counterclaim against one claimant seeking damages of approximately $686,000. Due to the nature of the matters, the possibility of a financial settlement ahead of trial is considered to be remote. Trial dates have not yet been set. Further information is omitted so as not to seriously prejudice the Company's position in either case.

Container Exchange (QLD) Limited
Notes to the financial statements
For the year ended 30 June 2021

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 21. Impact of COVID - 19

The global impacts of the COVID-19 pandemic are ongoing, including the impacts of measures imposed by State, Federal and Local Governments such as lockdowns and business trading limitations.

The pandemic has seen a material increase in sales of eligible beverage containers in Queensland during the year, however container collections have not grown as rapidly as previous periods. Container Refund Points have been constrained or unable to operate at various times during the year, whilst opening new Container Refund Points has been difficult due to COVID-19 restrictions in various areas across the State. These challenges have delivered a higher operating surplus than expected through increased revenue.

The Company's approach to setting a Scheme Price which covers the cost of operating the Scheme is unchanged. However, acknowledging the surplus from FY21, the Company expects to deliver an operating deficit in FY22 due to additional investment in activities to regain lost momentum and accelerate container collection growth, combined with future Scheme Price decisions.

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	2021 **$**
Audit services - Grant Thornton Audit Pty Ltd	
Audit of the financial statements	99,090
Other services - Grant Thornton Audit Pty Ltd	
Compilation of financial report	5,000
	104,090

Container Exchange (QLD) Limited
Directors' declaration
For the year ended 30 June 2021

In the Directors' opinion:

- The financial statements and notes of Container Exchange (QLD) Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - Complying with Australian Accounting Standards - Simplified Disclosures (including the Australian Accounting Interpretations) and *the Australian Charities and Not-for-profits Commission Regulation 2013* (Cth); and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors

Mark O'Brien AM
Chair and Independent Director

22 September 2021

Grant Thornton

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000

Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200
F +61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Container Exchange (QLD) Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Container Exchange (QLD) Ltd (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Container Exchange (QLD) Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Grant Thornton

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard - *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Grant Thornton

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

H.E. Hiscox

H E Hiscox
Partner – Audit & Assurance

Brisbane, 22 September 2021

Street Address
Level 17, 100 Creek Street
Brisbane QLD 4000

Mailing Address
GPO Box 1278
Brisbane QLD 4001

ABN
90 622 570 209

Telephone
13 42 42

Email
enquiries@containerexchange.com.au

Web
containerexchange.com.au

COEX CONTAINER EXCHANGE

PRINTED ON RECYCLED PAPER